

Message Text

LIMITED OFFICIAL USE

PAGE 01 TOKYO 18652 01 OF 02 050923Z
ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 IO-13 FEA-01 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 STR-05 ITC-01 TRSE-00 USIA-06 PRS-01
SP-02 OMB-01 OPIC-03 SIL-01 /115 W
-----055010 050937Z/14

P R 050829Z DEC 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 3312
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS
USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 1 OF 2 TOKYO 18652

USOECD
USEEC
USMTN

DEPARTMENT PASS STR

E.O.11652: N/A
TAGS: EEC, ETRD, MTN, GATT, OECD, JA
SUBJECT: PRESS REPORTS ON JAPANESE CURRENT ACCOUNT REDUCTION
MEASURES

REF: TOKYO 18262

1. SUMMARY: SPECULATIVE PRESS REPORTS ON GOJ ECONOMIC
PACKAGE TO BE PRESENTED TO USG ARE EXTENSIVE BUT INCONCLUSIVE.
GOJ CONSIDER TARIFF CUTS ON ABOUT 300 PRODUCT ITEMS SUCH
AS MOTOR VEHICLES, COMPUTERS, FILMS, MACHINERY, STEELS,
AND OTHERS. QUOTA ON ANTHRACITE COAL TO BE REMOVED.
SOME LIBERALIZATION OF AGRICULTURAL PRODUCTS IS REPORTED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 18652 01 OF 02 050923Z

UNDER CONSIDERATION. MINISTERIAL COUNCIL TO CONTINUE
MEETING TO DISCUSS DOMESTIC ECONOMIC POLICY, BUDGETS,
ECONOMIC STIMULATION, AND YEN APPRECIATION. IMPORT
CONTRACTS FOR OCTOBER EXCEED EXPORT CONTRACTS WHICH ARE
OFF 58.4 PCT. SOME EXPORTS COMPETITIVE, BUT CAUGHT IN
PROFIT SQUEEZE. U.S. TRADE DEVELOPMENTS FOLLOWED
CLOSELY BY JAPANESE PRESS. WE CAN EXPECT LARGE

VOLUME OF SPECULATIVE STORIES AS PACKAGE FOCHUSHIBA
NEARS COMPLETION. END SUMMARY.

2. VERNACULAR PRESS REPORTS CONCERNING PROPOSED GOJ
MOVES TO MEET IZS DEC 6 DEADLINE FOR DRAWING UP AN
ECONOMIC PACKAGE HAVE BEEN EXTENSIVE BUT INCONCLUSIVE,
REFLECTING ABASNC E OF ANY FIRM DECISIONS YET. THE ONLY
COMMON THEME HAS BEEN AGREEMENT THAT THE GOJ IS UNUSUALLY
SECRETIVE UABOUT THE PACKAGE AND THAT INTERMINISTERIAL
DEBATE HAS BEEN INTENSE.

3. THE MOST DETAILED MEDIA ACCOUNT OF THE TRADE PACKAGE

EXPECTED TO BE TABLED BY JAPAN WAS CARRIED BY NIHON
KEIZAI. IT REPORTED THAT JAPAN WAS PREPARED TO LOWER
TARIFFS ON ABOUT 300 ITEMS AT THE SEVEN DIGIT CLASSI-
FICATION LEVEL.

4. SEVENTEEN MAJOR ITEMS WERE LISTED BY NIHON KEIZAI:

ITEM	TARIFFS
CURRENT	PROPOSED

A. MOTOR VEHICLES:

(1) PASSENGER CARS, BUSES, TRUCKS AND SPECIAL VEHICLES:	6.4 PCT	W3
(2) AUTO PARTS, CHASSIS, BODIES:	6 TO 8	3
(3) MOTORCYCLES	8	4

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TOKYO 18652 01 OF 02 050923Z

B. COMPUTERS:

(1) MAIN FRAMES, DESK CALCULATORS	13.5	9
(2) CHARACTER READERS	15	
10		
(3) PERIPHERAL EQUIPMENT	22.5	V 14

C. FILMS:

(1) COLOR FILM	16	11
(2) X-RAY	14.4	9

D. INDUSTRIAL MACHINERY:

(1) MACHINE TOOLS (LATHES, METALWORKING):	8.8	6.5
(2) GENERATORS, ETC.	10	8
(3) AIRCRAFT RADAR	12.	9.5

E. STEELS:

(1) COILS, ETC.	6	5
(2) ALLOY STEELS (BIMETAL)	14.4	11.5
(3) OTHER ALLOY STEEL	8	6

F. OTHER:

(1) PERFUMES, COSMETICS, ETC.	12	9.5
(2) TOILET SOAPS	10.8	8.5
(3) PRINTING PAPER, ETC.	8	6

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 TOKYO 18652 02 OF 02 050932Z

ACTION EB-08

INFO OCT-01 ISO-00 EA-10 EUR-12 IO-13 FEA-01 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 STR-05 ITC-01 TRSE-00 USIA-06 PRS-01
SP-02 OMB-01 OPIC-03 SIL-01 /115 W
-----055089 050937Z/14

P R 050829Z DEC 77

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 3313

INFO AMEMBASSY BRUSSELS

AMEMBASSY PARIS

USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 2 OF 2 TOKYO 18652

5. THE NIHON KEIZAI SAID FURTHER CUTS MAY BE MADE ON COLOR FILMS, COMPUTERS, AND AUTOMOBILES BEFORE AMBASSADOR USHIBA TAKES THE PACKAGE TO THE U.S. FOR PRESENTATION, BECAUSE "A VERY HIGH LEVEL OFFICIAL" FEELS THESE ARE IMPORTANT TO U.S.-JAPANESE RELATIONS. MANY OF THE ABOVE ITEMS WERE SAID TO BE SUBJECT TO NEGOTIATION ONCE THEY ARE PRESENTED AT THE TALKS IN WASHINGTON.

6. IN AN ARTICLE APPEARING IN THIS MORNING'S PRESS (DEC 5), MITI IS SAID TO HAVE DECIDED TO REMOVE ANTHRACITE COAL FROM HIS LIST OF QUOTA RESTRICTIONS. OTHER COALS WOULD REMAIN ON THE LIST.

7. ACCOUNTS DESCRIBE THE MAF AS BEING ADAMANTLY OPPOSED TO THE LIBERALIZATION OF BEEF, TOMATOES, ORANGES AND THEIR PRODUCTS FROM IMPORT CONTROL. HOWEVER, SOME AGRICULTURAL ITEMS ARE EXPECTED TO BE PERMITTED FREE IMPORT INCLUDING CERTAIN FRUIT JUICES, PROCESSED FRUITS,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 18652 02 OF 02 050932Z

BEANS, SOME FISHERY PRODUCTS, AND CHEMICAL SEASONINGS
BASED ON MONOSODIUM GLUTAMATE.

8. THE PRIME MINISTER IS REPORTED TO HAVE ORDERED THE MINISTERIAL COUNCIL ON ECONOMIC POLICIES TO MEET THREE OR FOUR TIMES NEXT WEEK TO DISCUSS DOMESTIC ECONOMIC POLICY AND THE COMPILED OF A FY-78 BUDGET. THE FIRST AGENDA ITEM WILL BE THE 15 MONTH SUPPLEMENTAL BUDGET. OTHER ITEMS WILL INCLUDE STEPS TO TRIM TRADE SURPLUSES, RELIEF FOR SMALL AND MEDIUM INDUSTRIES HURT BY THE RECESSION AND YEN APPRECIATION, AND MEASURES TO UNDERTAKE PUBLIC WORKS PROJECTS TO STIMULATE THE ECONOMY. FUKUDA SPECIFICALLY CITED THE CONSTRUCTION OF SUPER EXPRESS TRAIN LINES, EXPRESSWAYS, BRIDGES ACROSS THE INLAND SEA TO LINK HONSHU WITH SHIKOKU, CRUDE OIL STORAGE STATIONS, DAMS, EXPANDED ELECTRIC POWER SOURCES, AND CIVIL AIRPORT EXPANSION AS THE TYPE OF PROJECTS HE HAD IN MIND.

9. THE EFFECT OF YEN APPRECIATION AND THE RECESSION ALSO CONTINUE TO ATTRACT NEWS HEADLINES. ONE REPORT NOTES THAT THE VALUE OF IMPORT CONTRACTS CONCLUDED IN OCTOBER BY MAJOR JAPANESE TRADING FIRMS TOPPED THAT OF EXPORT CONTRACTS FOR THE FIRST TIME IN SIX MONTHS. EXPORT FIGURES, IT SAID, WERE DOWN 17.1 PCT FROM 1976. EXPORTS CONTRACTED TO THE U.S. IN OCTOBER WERE OFF 58.4PCT; IMPORTS FROM THE U.S., HOWEVER, WERE ALSO OFF 19.4 PCT.

10. ACCOUNTS SAY SOME PRODUCTS SUCH AS STILL CAMERAS, TVs MOTORCYCLES, AUTOMOBILES, AND STEEL CONTINUE TO BE COMPETITIVE DESPITE THE YEN'S APPRECIATION. THE LATTER TWO PRODUCTS ARE CAUGHT, HOWEVER, IN A PROFIT SQUEEZE BECAUSE OF STRENGTHENED COMPETITION FROM
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TOKYO 18652 02 OF 02 050932Z

KOREA AND TAIWAN. THE MANUFACTURERS FIND THEIR SITUATION LESS AFFECTED IN THE EC BECAUSE EUROPEAN CURRENCIES HAVE NOT DEPRECIATED AS MUCH AGAINST THE YEN AS THE DOLLAR. JAPANESE TEXTILES FACE SEVERE COMPETITION FROM MANY COUNTRIES. THE YEN APPRECIATION ALSO PUTS PRESSURE ON MACHINERY MANUFACTURERS AND CHEMICAL PROCESSERS BECAUSE U.S. AND EUROPEAN PRODUCTS ARE NOT CONSIDERABLY MORE COMPETITIVE. THERE ARE INDICATIONS THAT SOUTHEAST ASIAN AND MIDDLE EASTERN BUYERS ARE DELAYING PURCHASES AND SWITCHING TO OTHER

COUNTRIES BUSINESS ONCE RESERVED FOR JAPAN.

11. EMBASSY COMMENT: WE CAN EXPECT CONSIDERABLE PRESS SPECULATION AS ELEMENTS OF PACKAGE FOR USHIBA TO PRESENT ARE UNDER INTENSE DISCUSSION MONDAY AND TUESDAY. SOME OF THE LEAKS WILL BE TRIAL BALLOONS, OTHERS WILL BE ILL-INFORMED, BUT INTENSE INTEREST MAKES IT CERTAIN THAT PRESS WILL BE FILLED WITH STORIES ON THESE SUBJECTS. THERE CAN BE NO DOUBT THAT THE PRESSURE IS ON WITHIN THE GOVERNMENT TO DEVELOP SOME CONCRETE SOLUTIONS TO JAPAN'S PROBLEMS. THE MEDIA PROVIDES CONTINUOUS AND FAIRLY ACCURATE COVERAGE OF U.S. DEVELOPMENTS ON THE ISSUE, WITH SPECIAL EMPHASIS ON STEEL, PROTECTIONISM, AND THE STATEMENTS OF THE PRINCIPALS INVOLVED, BUT ALMOST NO DIRECT COMMENT ON THE KEY ISSUE OF ELIMINATING JAPAN'S C/A SURPLUS.
MANSFIELD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ACCOUNTS, TARIFF LIBERALIZATION
Control Number: n/a
Copy: SINGLE
Sent Date: 05-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TOKYO18652
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770450-0303
Format: TEL
From: TOKYO USOEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771291/aaaacztq.tel
Line Count: 241
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6103bc0b-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 TOKYO 18262
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 356369
Secure: OPEN
Status: NATIVE
Subject: PRESS REPORTS ON JAPANESE CURRENT ACCOUNT REDUCTION MEASURES
TAGS: ETRD, JA, EEC, MTN, GATT, OECD
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/6103bc0b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009